

METAL PRICES

NEW YORK, Jan. 4.—Silver, 89 3/4c; leaded 6 1/2c; spelter 7.62@7.67c; cop. per 23 1/2c.

The Ogden Standard.

4 P. M. CITY EDITION
TEN PAGES

UTAH—Tonight partly cloudy and cooler in west portion; Saturday generally fair.

FEARLESS. INDEPENDENT. PROGRESSIVE NEWSPAPER.

OGDEN CITY, UTAH, FRIDAY EVENING, JANUARY 4, 1918.

Entered as Second-Class Matter at the Postoffice, Ogden, Utah.

Forty-eighth Year—No. 4.

Price Five Cents.

WILSON BEFORE CONGRESS

U. S. Government Will Control Railroad System for Indefinite Period

WAGE DISPUTES TO BE SETTLED

PRESIDENT REPORTS TAKING OVER OF RAILROAD SYSTEM

WASHINGTON, Jan. 4.—President Wilson today laid before congress, assembled in joint session, his recommendations for carrying out government operation of railroads. Bills to carry out the president's ideas already had been prepared under the supervision of the department of justice and were immediately introduced with plans for immediate consideration in both houses.

To guarantee proper returns to the roads during the period of government operation, the president recommended that congress provide compensation at the rate of the same net operating income as the roads have received for the three preceding fiscal years.

Provision for Upkeep.
To provide for proper maintenance of the roads and their return to owners in the same order as the government takes them over, the president recommended legislation to authorize their upkeep and betterment during the period of federal operation. Legislation to this effect is all contained in the administration's bills which would appropriate a \$500,000,000 fund for government operation.

Only by government operation, the president told congress, could the unity necessary to the country be obtained, and he added that existing organizations of the railroads should be dissolved as little as possible.

Guarantees to Roads.
The president laid especial stress on the guarantees to the roads and their stockholders.

The president spoke as follows:

Gentlemen of the congress: I have asked the privilege of addressing you in order to report that on the 25th of December last, during the recess of congress, acting through the secretary of war and under the authority conferred upon me by the act of congress approved August 29, 1916, I took possession and assumed control of the railway lines of the country and the systems of water transportation under their control. This step seemed to be imperatively necessary in the interest of the public welfare, in the presence of the great tasks of war with which we are now dealing. As our experience develops difficulties and make it clear what they are, I have deemed it my duty to remove those difficulties wherever I have the legal power to do so. To assume control of the vast railway systems of the country is, I realize, a very heavy responsibility but to fail to do so in the existing circumstances would have been a much greater. I assumed the responsibility rather than the weightier. I am sure that I am speaking the mind of all thoughtful Americans when I say that it is our duty, as the representatives of the nation, to do everything that it is necessary to do to secure their complete mobilization of the whole resources of America by as rapid and effective a means as can be found. Transportation supplies all the arteries of mobilization. Unless it be under a single and unified direction, the whole process of the nation's action is embarrassed.

Unification True American Spirit.
It was in the true spirit of America and it was right, that we should try to affect the necessary unification under the voluntary action of those who were in charge of the great railway

STATE SENATOR JOINS U. S. FLIERS



Morris S. Halliday.

Law making has no appeal to Morris S. Halliday, New York state senator from Ithaca, when there is a war on. He has resigned from the senate and is in the aviation training camp at San Antonio, Tex.

an unqualified guarantee that their properties will be maintained throughout the period of federal control in as good repair and complete equipment as at present and that the several roads will receive under federal management such compensation as is equitable and just, alike to their owners and to the general public. I would suggest the average net railway operating income of the three years ending June 30, 1917. I earnestly recommend that these guarantees be given by appropriate legislation and given as promptly as circumstances permit.

Essential Justice of Guarantees.
I need not point out the essential justice of such guarantees and their great influence and significance as elements in the present financial and industrial situation of the country. Indeed, one of the strong arguments for assuming control of the railroads at this time is the financial argument. It is necessary that the values of railway securities should be justly and fairly protected and that the large financial operations every year necessary in connection with the maintenance, operation and development of the roads should, during the period of the war be wisely related to the financial operations of the government. Our first duty is, of course, to conserve the common interest and the common safety and to make certain that nothing stands in the way of the successful prosecution of the great war for liberty and justice, but it is an obligation of public conscience and of public honor that the private interests we disturb should be kept safe from unjust injury and it is of the utmost consequence to the government itself that all great financial operations should be stabilized and co-ordinated with the financial operations of the government. No borrowing should run athwart the borrowings of the federal treasury, and no fundamental industrial values should anywhere be unnecessarily impaired. In the hands of small investors in the country as well as in national banks, in insurance companies, in savings banks, in trust companies, in financial agencies of every kind, every security the sum total of which runs up to some ten or eleven thousand millions, constitute a vital part of the structure of credit and the unquestioned solidity of that structure must be maintained.

Present Authority Sufficient.
While the present authority of the executive suffices for all purposes of administration and while of course, all private interests must for the present give way to the public necessity, it is, I am sure you will agree with me, right and necessary that the owners and creditors of the railways, the holders of their stocks and bonds, should receive from the government

ENGLISH METHOD IS EXPLAINED

Meeting of Transportation Crisis by Taking Over Railroads Told in Senate.

SEN. HOLLIS' SPEECH

Prompt Action of British Soon After War Opened Brought Quick Relief.

WASHINGTON, Jan. 4.—The English method of meeting the transportation crisis by taking over control of the railroads immediately after that country entered the war in 1914 was explained in a speech made in the senate today by Senator Hollis, of New Hampshire. This was the first speech to be delivered in the senate on the railroad situation and in view of President Wilson's address to congress urging enactment of railroad legislation which will effect complete government control, members followed Senator Hollis with interest.

Under the English method, Senator Hollis said, the government guaranteed stockholders the same earnings as paid during the year preceding the war while under a plan of conciliation and arbitration wages were increased through war bonuses with due regard to the increased cost of living. Strikes, he said, have proved unnecessary and as a result the employees have maintained the good will of both the public and the government.

"The unions of railway men through their executive committees," declared Senator Hollis, "have acted throughout the war in a patriotic manner, basing their claims to advance in wages or bonuses on the increased cost of living and not on their purpose to prevent the operation of the railroads. They have realized that a strike would be a strike against the nation, not against the companies. There have been no railway strikes in England since the war began. The conduct of the railways and the conduct of the men has been in the public interest with every indication of conciliation and good feeling on both sides. This desirable condition can be attributed to but one cause—that is the feeling of the men that their sacrifices are made for the public welfare and not to swell the profits of their employers. That this is a sound deduction is plain when we consider the hundreds of strikes in private plants where profits are not controlled."

The New Hampshire senator said that under the English plan, freight cars were pooled and delay in loading and unloading of cars heavily penalized. Passenger trains also were curtailed, reservation of seats abolished, excursion tickets abolished, traffic diverted and passenger rates increased 50 per cent, not for the purpose of increasing revenues but to discourage travel.

may determine and may fix reasonable compensation for service.

Section 9 would authorize the president to extend the federal workmen's compensation law to apply to railroad employees on such terms and conditions as will give due consideration to remedial laws or otherwise.

Section 10 gives the president in addition to powers specifically prescribed, any other and further powers necessary.

Section 11 provides that while under federal control the roads are subject to all laws and liabilities as common carriers and suits may be brought by and against them and judgments rendered as provided by law. Except with the president's written assent, however, no attachment or execution is to be made on any property used by a road in performance of its common carrier duties.

Section 12 stipulates that any person or corporation acting for or employed by a carrier or shipper or other person who shall fail to observe any of the provisions of the proposed law, or "shall knowingly interfere with, or impede possession, use, operation or control of any railroad or transportation system taken over by the president," or shall violate any order or regulation for carrying out the law, shall be guilty of a misdemeanor and punishable by a maximum fine of \$5,000, or if a person, by imprisonment for not more than two years or both.

Federal as well as state criminal statutes where applicable, shall apply to all railroad officers, agents and employees. Prosecutions will be in federal district courts.

Section 13, the last, provides for the indefinite continuance of the law. It makes this brief provision:

"The federal control of transportation systems herein and heretofore provided for shall continue for and during the period of the war and until congress shall thereafter order otherwise."

CONTRACTORS MAKE BIG PROFIT

Testimony Brought Out in Senate Ship Program Investigation Dissatisfies.

CLOSE QUESTIONING

Committee Asks for Letter to General Goethals Be Brought Before Them.

WASHINGTON, Jan. 4.—Profits amounting to more than a million dollars were made by the Clinchfield Navigation company in a deal involving government shipbuilding contracts, according to testimony today before the senate commerce committee investigating the shipbuilding program.

This information was disclosed by Theodore B. Ferris, chief constructor for the Emergency Fleet corporation, and by a report by a district officer of the shipping board at today's hearing.

The Clinchfield corporation, it was declared, sold to the government four ships under construction for the company in the Sloane Shipyard corporation of Seattle, making a profit of \$420,000 and later obtained for the Sloane corporation contracts for twelve more ships on which it made a 5 per cent profit.

Witness Closely Questioned.
Senators questioned Mr. Ferris closely as to the reason for letting the contracts for the twelve ships to the Clinchfield corporation, an owner but not a builder of ships, and expressed dissatisfaction over a deal by which the corporation sold to the government the four ships at a price so much higher than it was paying for their construction.

Mr. Ferris declared he knew nothing of the financial arrangements recommending the Clinchfield corporation to General Goethals in a letter. The committee asked that the letter be reproduced.

WILSON NAMES NEW OFFICIALS

WASHINGTON, Jan. 4.—Charles E. Hardy of Nogales, Ariz., was today nominated by President Wilson as customs collector at Nogales.

Howard Hathaway of Everett, Wash., was nominated for collector of internal revenue for Hawaii.

Other nominations included: Registers of land offices—Alex Nisbet, Evanston, Wyo.; Mrs. Mary Wolfe Dargin, Denver, Colo.

Receivers of public monies—George I. Smith, Portland, Ore.; Richard R. Turner, Roseburg, Ore.; James P. Folger, Evanston, Wyo.

CAILLAUX UNDER EXAMINATION.
PARIS, Thursday, Jan. 3.—Former Premier Joseph Caillaux, who is accused of treasonable activities, was under examination for nearly five hours today by Captain Bouchardon, the military investigator. The former premier will be interrogated again shortly.

NEW YORK CALLED TO AID.
NEW YORK, Jan. 4.—Representatives of the war department have asked Fire Chief Kenon of New York to send fire apparatus to fight flames in an army storage house at Hoboken.

Chief Kenon dispatched a fire boat to Hoboken. The Delaware, Lackawanna & Western Railroad also sent three fire fighting tugs from this city.

True love is responsible for many follies and a few crimes.

HOBOKEN FIGHTS SERIOUS BLAZE

Firemen, United States Soldiers and Civilians, Aided by New York, Save City.

40-MILE GALE RAGING

Thousand Soldiers Guard District and Flames Kept From Munitions Factory.

HOBOKEN, N. J., Jan. 3.—Fire which threatened part of the water front, which is within government control, broke out again today. The blaze was discovered in a six-story building occupied by the Gatti-McQuade company, mill supplies manufacturers in the harbor zone. That structure seemed doomed and the flames spread to adjoining buildings.

All the fire apparatus in Hoboken was called out to prevent spread of the flames to the Hudson river piers and a nearby munitions factory. Several ambulances also were summoned and soldiers were placed on guard and civilians were called on for aid. Owing to the cold weather the water pressure was poor.

The police ordered all the tenants in the buildings in the vicinity to move out.

Paper stock estimated to be worth \$100,000 was destroyed in the Gatti-McQuade building.

A number of firemen were overcome by smoke and intense cold and removed to hospitals. Every ambulance in Hoboken was summoned to the scene.

HOBOKEN, Jan. 4.—Firemen, United States soldiers, and civilians aided by New York fireboats and railroad tugs brought a stubborn blaze under control after a fight of several hours in the heart of the industrial section paralleling the government-controlled water front here today.

A six-story manufacturing plant containing paper and other mill supplies owned by the Gatti-McQuade company was destroyed with an estimated property loss of \$250,000. Numerous small fires, caused by sparks, carried by a forty-mile wind were checked.

Fireboats reached Hoboken after cutting their way through the Hudson river ice and prevented the fire from spreading to a number of ships loading with war supplies.

About one thousand soldiers guarded the district and civilians were called on for patrol duty. A munitions factory in the vicinity was not touched by the flames.

THIRD SERIES OF TRAINING CAMPS

Preparations Complete for Opening on Saturday of School for Officers.

WASHINGTON, Jan. 4.—Preparations are complete for the opening Saturday of the third series of officers' training camps. From the non-commissioned and enlisted personnel of the regular army, the national army and the national guard, there has been drawn thousands of men whose qualifications, it is thought, entitle them to advancement into the commissioned grades. In addition 2500 candidates have been selected from specified schools and colleges including military training in the curriculum.

BRITISH ADVANCE LINES

Haig's Forces Make Gains During Night, South of Lens.

ARTILLERY FIGHTING

Local Battles Continue on Cambrai Front and Near Canal.

LONDON, Jan. 4.—"Local fighting took place yesterday on the Cambrai front in the neighborhood of the Canal du Nord without producing any material change in the situation," the war office announces.

"We advanced our lines slightly during the night south of Lens. There was some hostile artillery activity during the night in the Bullecourt sector and also in the Ypres sector."

REVIEW OF WAR SITUATION.

Forecasts that Russian's refractory attitude regarding the German peace terms, coupled with some objection to them, would lead the German government to put the situation before the reichstag in some form, were made good by today's news of the appearance of Chancellor von Hertling before the reichstag main committee.

THREE MEN FOR AMERICAN POST

Either Viscount Grey, Earl Reading and J. Austin Chamberlain Acceptable to Washington.

LONDON, Jan. 3.—It is suggested editorially by the Daily Chronicle that either Viscount Grey, former foreign secretary, Earl Reading, lord chief justice, or J. Austin Chamberlain would be acceptable as ambassador to Washington.

It has been reported that Sir Cecil Arthur Spring-Rice, the British ambassador to the United States, will soon retire from that post. Yesterday Sir Cecil said farewell to President Wilson, having announced previously that he was going home on a leave of absence.

General Pershing Answers American New Year Messages

WITH THE AMERICAN ARMY IN FRANCE, Thursday, Jan. 3.—(By the Associated Press.)—On behalf of the American expeditionary force General Pershing has answered New Year's messages from the United States. A message to the army from the Children's American Loyalty League read: "Dear American soldiers: We know the sacrifice you have made for us and will make that we may be safe and happy. We thank you and wish you all a Happy New Year."

General Pershing responded as follows: "The American soldiers in France are very glad to have your message.

No sacrifice we can make will be too great if we can insure the safety and happiness of the children of America."

From Dr. Anna Howard Shaw, suffrage leader and member of the woman's council of national defense, came this greeting: "The women of the United States are with you in the spirit of service. You are our standard bearers, our hope. We love you, believe in you, pray for you."

Entente Allies May Recognize the Bolsheviki Government

LONDON, Jan. 4.—Recognizing of Lenin government in Russia by the Entente Allies is probable owing to the developments in the Russo-German negotiations, according to the Daily Chronicle. The statement apparently is based on a contribution "by a diplomatic correspondent" which is printed beneath it. The writer says that owing to the Bolsheviki discovery of German duplicity anything may happen.

Three Alternatives in Situation. "There are," he says, "three alternatives: The Bolsheviki may give way, the Germans may give way or there will be a rupture of relations. The first is hardly likely in view of Foreign Minister Trotsky's declarations. The second is possible for the Germans are

past masters in the art of specious compromise. But the third is most probable since the Bolsheviki have exhibited a perspicacity which was hardly expected in this country.

"Russia, the land of boundless surprises, may quite possibly witness a revival of war, if not in the most active form it might at least be a suddenly defensive war necessitating the keeping on the frontier of a considerable German force. It would at least prevent those pleasant and profitable commercial exchanges which Germany hopes for."

Assuming such a situation and the consolidation of Bolsheviki power, provided failure to extract a peace does not wreck the Lenin regime, then recognition of that power as the de facto government follows. Since that is so a Socialist would be the logical representative of that government and Maxim Litvinoff, who has been appointed, is a likely enough occupant of the embassy.

New Ambassador to Be Sent. Referring to the retirement of Sir George W. Buchanan, the British ambassador to Russia, whose services are praised highly, the writer says: "In his place probably would be sent a diplomat in marked sympathy with the ideas of revolutionary Russia."

"Be that as it may, we may expect shortly some new statement of policy."

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